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ANR Pipeline Company
A SUBSIDIARY OF THE COASTAL CORPORATION

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The Energy People

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Docket Unit, Room 8417
Research and Special Programs Administration
U. S. Department of Transportation
400 Seventh Street, S. W.
Washington, D. C. 20590

Subject: Notice of Proposed Rulemaking (Docket No. PS-122, **Notice**
1)-Gas Gathering Line Definition

Gentlemen:

ANR Pipeline Company (ANR), a subsidiary of The Coastal Corporation, is a major interstate natural **gas** company comprehensively regulated by the Federal Energy Regulatory Commission (**FERC**). ANR operates nearly 12,200 miles of gas pipeline facilities. The purpose of this letter is to provide to **you ANR's** comments on the proposed rulemaking.

Under the definition of gathering facilities currently in effect and under the definition submitted to the Research and Special Programs Administration (**RSPA**) by **API** and **INGAA** in January, 1989, 2,200 miles of **ANR's** gas pipeline facilities are classified as gathering facilities in so-called "**rural**" areas for purposes of Part 192. Most of these facilities transport gas from **wellhead** separators to processing plants where the gas is dehydrated and processed for the removal of liquefiable hydrocarbons so as to be in a condition fit for customers.

The classification of these pipelines as gathering lines has never been a matter of dispute between **ANR** and state or federal enforcement personnel. ANR is also not aware of any safety concerns that have been raised that would indicate that additional safety requirements should be imposed upon these rural gathering lines.

However, the definition of "gathering line" in the Notice of Proposed Rulemaking was changed significantly from the current definition and from the definition proposed by **API/INGAA**. Both of those definitions were based upon the function of the pipeline and therefore had identifiable relationships to safety concerns. The proposed definition, for the first time since this matter has been under consideration by **RSPA**, introduces as an element of the definition whether the gathering line in question is "**subject to regulation**" by the Federal Energy Regulation Commission (**FERC**). We fail to see how this element has anything to do with the safe operation of the line or any safety risks to society at large. However, primarily as a result of the inclusion of this element in the new definition, such definition will cause all of **ANR's "rural"**

gathering lines to be reclassified as transmission lines.

We also wish to register our concern with the effect of the proposed definition to eliminate gathering lines upstream of a commingling point from the definition of gathering lines if they are downstream of a custody transfer point. Since ANR in many instances takes custody of gas at or near wellheads and transports the gas to commingling points in gathering lines, the preeminence afforded to custody transfer in the proposed definition will also cause unnecessary reclassification of **ANR** gathering lines as transmission lines.

If the proposed definition is not changed, and assuming that Rule 192.14 would require pressure testing of these converted pipelines, ANR will have to test its extensive gathering systems. This will require the shut-in of approximately 1,450 producing wells, some of which are weak wells which may experience difficulty in returning to production. These shut-ins could be for extended periods of time. There will be considerable expense to ANR and its customers, both to qualify these lines as transmission lines and to operate and maintain them as such. There would also be losses of revenue to ANR and at least a postponement of revenues to the producers that **ANR** serves and to the States that tax the production from **such** wells. **ANR** estimates that adoption of the proposed definition would result in an aggregate conversion cost to ANR of approximately **\$42,183,000** and that ANR would incur additional annual operating costs of approximately **\$1,327,200**. This of course does not take into account the environmental impact that pressure testing of some 2,200 miles of pipeline may have.

ANR believes that RSPA should have stayed substantially closer to the proposed **API/INGAA** definition. This definition represented an industry consensus and was more oriented to functionality. It was therefore more readily identifiable with proper safety concerns of RSPA. We could find nothing related to enhancing the safe installation and operation of pipelines in the "SUPPLEMENTARY INFORMATION" to support deviating as significantly as RSPA did from the proposed definition and to bring into the definition the aspect of FERC regulatory jurisdiction which does not seem to have any relevance to safety purposes.

ANR does not consider the proposed rule to be nonmajor, since ANR believes that its promulgation will require industry expenditures in excess of \$100 million. In the absence of any demonstration of safety benefits from the proposed rule and in the light of the cost incurrence that the rule will apparently cause, ANR respectfully requests that RSPA withdraw the proposed rule.

In the event that the proposed rule is not withdrawn, we would recommend the following changes in the proposed definition to bring

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it more in line with the previously proposed **API/INGAA** definition, to avoid **an** unnecessary reclassification of **ANR's "rural"** gathering systems and to clarify the definition:

1. In line one of the definition, delete the phrase "**,except** as provided in paragraph **(4)**".
2. Sections 192.3 (2) and (3) should be changed to read as follows:

"(2) If there is no natural gas processing plant, the most downstream of--

(i) the point where custody of the gas is transferred to others who transport it by pipeline to:

(a) A distribution center;

(b) A gas storage facility; or

(c) An industrial customer; or

(ii) the last point downstream where gas is commingled from one or more fields in reasonable geographic proximity to each other; or

(iii) the outlet of a compressor station downstream of the point of last commingling described in Section 192.3 (2) (ii) if compression is required for the gas to be introduced into another **pipeline**."

3. Section 192.3 (4) should be renumbered, changed to delete subsection (iii) and changed otherwise to read as follows:

"(3) A gathering line does not include any part of a pipeline that transports gas downstream--

(i) from the furthest downstream of the end points in (1) or (2) in this definition; or

(ii) From a production facility, if no end point exists."

At the very least, it would appear that RSPA should convene a technical conference before proceeding further to make the proposed change **or** any other major change in the existing definition.

We appreciate the opportunity to provide these comments.

Very Truly Yours,

